

What should be in your contract with your technology vendor  
By Steven I. Seidenberg, CPA, CITP

In today's technology market there are many choices in both hardware and software for you to choose from. If you are purchasing hardware and software, you should try and use the same vendor to prevent finger pointing if problems occur. After selecting your vendor(s) and or consultant(s), there are some basic pieces of information that should be in every contract.

1. The contract should identify who the project champion (owner) is for both the client and the consultant. The champion is responsible for getting the project done on time and within budget.
2. The contract should identify the scope of the work being done, and who is responsible (client or consultant) for the different tasks being completed.
3. If reports and or forms are part of the project, examples of the finished report or form should be included along with the data selection criteria, if needed, and any data manipulation needed. Examples can be mockups done in Microsoft Excel or Word or if converting from an old system copies of the reports from the old system.
4. If you are converting from an old system, who is responsible for exporting the data from the old system.
5. If you are not exporting all the data in the old system, it should remain available to you for historical inquiries if needed. Also, if the conversion does not go as planned, you could continue to run your business on the old system until the bugs are worked out.
6. After the data is imported into the new system, the contract should specify that the consultant is responsible for verifying the data in the new system is the same as in the old system. For example, the accounts receivable aged invoice report agrees in total and by customer in both systems.
7. For non-fixed amount contracts, hourly rates should be specified in the contract as well as the number of hours the project is expected to take. I recommend a "not to exceed" be put in the contract so you know your maximum cost exposure.
8. User sign offs should be mandatory at key points of the project. A user sign off is a form stating that the consultant has completed a portion or the whole project to the users satisfaction and that everything is working as designed.
9. If changes to the original scope are needed, change orders should be completed with the estimated time and dollar amount of the change. If the change is replacing an item in the original contract, make sure you get credit for eliminating the original item.

If you have any questions about the article, please contact Steve Seidenberg at (847) 956-1040.